

Message Text

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EXDIS, OECD

E.O. 11652: GDS

TAGS: PGOV, PEPR, TU

SUBJECT: ELEKDAG VISIT TO WASHINGTON: TURKEY-IMF

1. TURKISH MFA SECGEN ELEKDAG, ACCOMPANYIED BY AMBASSADOR ESENBEL AND MFA OFFICIALS ERALP AND KUSTAOGLU, MET WITH COUNSELOR NIMETZ EVENING AUGUST 10 RE TURKISH PROBLEMS WITH IMF.

2. ELEKDAG SAID HE HAD HAD LUNCH AUGUST 10 WITH IMF MANAGING DIRECTOR DALE AND EUROPEAN DIVISION CHIEF WHITTOME. ELEKDAG SAID HE HAD EXPLAINED WHY GOT FELT IT WAS PREMATURE TO JUDGE WHETHER TURKEY HAD COMPLIED WITH
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PAGE 02 STATE 204756

STANDBY PERFORMANCE CRITERIA. ELEKDAG HAD STRESSED THAT VERY RECENT PRICE AND EXPORT DATA WAS POSITIVE AND THAT INSTANCES OF TURKISH NONCONFORMITY WITH STANDBY WERE DUE EITHER TO PROBLEMS WITH PARLIAMENT OR FORCE MAJEURE. IN SHORT, HE HAD TOLD DALE THAT TURKS WERE NOT CONVINCED THAT IMF RECOMMENDATIONS SHOULD BE ACCEPTED OR THAT IF THEY WERE RESULTS WOULD BE AS FUND STAFF ANTICIPATED. ACCORD-

ING TO ELEKDAG, IMF OFFICIALS WERE INSISTENT THAT THEIR RECOMMENDATIONS SHOULD BE ACCEPTED IN ORDER THAT AUG. 26 DRAWING TAKE PLACE. THEY INDICATED TURKS SHOULD NOT EXPECT ANY MODIFICATION OF FUND POSITION AND SUGGESTED THAT GOT

ISSUE STATEMENT DECLINING TO ACCEPT AUG. 26 DRAWING.

3. ELEKDAG SAID SUCH A STATEMENT WOULD BE UNTHINKABLE. PRESENT FUND POSITION MAY TRIGGER HARMFUL POLITICAL AND SOCIAL EVENTS. IT WOULD ALSO HAVE NEGATIVE IMPACT ON EFFORTS TO RESCHEDULE PRIVATE BANK DEBT AND TO OBTAIN NEW CREDITS. ELEKDAG SAID TURKEY NEEDED HELP IN SOLVING ITS PROBLEMS. FURTHER STRESS ON EXCHANGE RATE CHANGE WOULD HAVE PARTICULARLY HARMFUL RESULTS.

4. NIMETZ NOTED THAT ELEKDAG HAD TALKED EARLIER IN WEEK WITH UNDER SECS COOPER AND SOLOMON AND AGREED WITH ELEKDAG REQUEST THAT HE HAVE OPPORTUNITY DISCUSS THIS MATTER WITH DEPSEC CHRISTOPHER. NIMETZ ALSO SUGGESTED POSSIBILITY OF EARLY VISIT TO WASHINGTON BY TURKISH FINANCE MINISTER TO SEEK TO CLARIFY MATTERS WITH IMF. ELEKDAG SAID FINANCE MINISTER PLANNED TO CONSULT WITH IMF AT SEPTEMBER ANNUAL MEETING AT WHICH TIME MORE DATA WOULD BE AVAILABLE AND NECESSARY ADJUSTMENTS COULD BE MADE IN THE STABILIZATION PROGRAM UNDER THE MARCH STANDBY. CHRISTOPHER

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